

The departmental budget review reconvened on April 15, 2010 at 9:15 a.m., and proceeded as follows:

(Ms. Kawahara was noted present at 9:28 a.m.)

HOUSING AGENCY:

Mr. Kaneshiro: Budget review session is now back in order. Let the record reflect that Mr. Furfaro, Councilmember Furfaro will be a little late today he will probably be here after ten o' clock. Also for the record note that Mr. Bynum is just stepping in and Lani will be here shortly probably in 2 minutes. I'm going to go ahead and start the review process. Again I want Committee members to know that we're going to move right along so if we're done with housing will bring in the next department and go on to the next department and then break for lunch at 12:30, Ok? With that any questions about that schedule Committee members? If not we have the Housing Agency here this morning and it's nice to see you again Mr. Jimenez. I just saw you yesterday after our session. People should know that we had a session that ran almost until about eleven, eleven thirty last night. So anyway we are all ready to go and hear Housing make their presentation so Mr. Jimenez you have the floor.

EUGENE JIMENEZ, HOUSING DIRECTOR: Budget and Finance County Chairman, Kaneshiro and members of the Council. I thank you for allowing this opportunity to appear before you to submit our 2010-2011 operating budget. Before I begin, I just had wanted to talk to you about some very important deadlines, which we are all faced with, and I'm hopeful that all of you were able to submit your tax papers or you have until twelve o' clock tonight to submit your tax papers so please get that in order.

Mr. Kaneshiro: Don't remind us. Thank you.

Mr. Jimenez: Okay I think it's important that you know I give you some general information relative to the functional responsibilities of the Housing Agency. We all we deal almost daily with each other but it's good as a reminder to let all Council members know how we are organized and it relates directly to the budget as to how organization and we are, I repeating too much... organized. Anyway, first of all we are the County Housing Agency is comprised of two divisions. The first division is called the Housing and community development division, under this division headed by the Housing Development Coordinator, Gary Mackler. He has responsibilities for oversight for the home program which is monies that are received from the federal government for the development of affordable housing and other housing related activities. Under this division you also have the block grant program which I wanted to thank the council yesterday for approving our 2010 request to you by way of resolution. Also under the neighborhood stabilization program, this is under the development division and under this division we also have a property management functions which primarily oversees some of the rental projects. Although we do have a property manager that takes care of it we have over sight responsibilities. We also have under the development division and accounting staff the housing and community development revolving fund, which are funds that are acquired by the agencies by way of sales and some other projects, which I put back into the community to build additional housing units. The second division, the stand-alone division is the section eight which all of you are aware of. It's called the housing choice voucher program, it's the rent subsidy program and we presently have seven hundred units on the contract. Just for your information we pay out an estimated half a million dollars per month in housing assistant payments, so you know this is a very viable and important program for the housing agency. Both of these programs, the section eight, the housing choice voucher program and the block grant program has been in existence since the mid seventy's. So you know these are long standing problems that have given us a steady stream of income and as we go through the budget what you

will see is how we have utilized some of these monies to be able to fund the activities and fund the staffing and fringe benefits for much of the staff.

Last but not least we have an administrative division which I am head of which has the responsibilities to plan, develop, coordinate the activities and the functions of the housing department. Myself as the housing director, I have a secretary and there is the accounting function, which I will introduce some of my accountants as we move on with this budget hearing session. We also under the administrative function have responsibilities for human relation type programs, the EAP, vacations and alike. You know again I have been criticized in the past for bringing my entourage with me whenever we have a council session ,but I just wanted to explain to the councilman that you know in coming up with this anticipated budget there has been no less than four meetings with the supervisory staff. I place a lot of responsibility on them. They are responsible for their budget, their revenues and also expenses. I can generally tell you what the housing agency is all about, the different programs but the knots and bolts are really handled by my staff and I want to give credit to them. They are very hard working and with that I would like to introduce them. I have here two of my accountants Avis Hirahara, and Fay Kimura, please raise your hands. The section eight program manager is Sandy Kaauwai, Sandy. And the development coordinator in charge of the development section is Mr. Gary Mackler, Gary. And you probably saw her wondering the halls yesterday my block grant program manager is Jo Shimamoto. Before the start of this meeting I submitted to you a handout, which I thought it would make it easier for you to understand our budget. You know we do have a twenty page budget, which I am hopeful that you received its dated March 12. We also received from the chairman, both the chairman of the council and the chairman of the budget and finance committee are request relatively to our staffing patterns I just wanted to address first before we get into the nitty gritty. Number one, the agency is comprised of thirty staff. We have three dollar funded positions as proposed in the Budget. All staff of the county housing agency are contractual employees with a contract period beginning July 1 and ending on June 30 so annually we have the personnel evaluations prior to the close of the fiscal year, but all staff are contractual employees. I mentioned previously that for the next year we do have three dollar funded positions. The last question had to do with, what funding source does this position hold? In page two of the communication dated April 1st you have a listing of all twenty or so positions, twenty or twenty five positions that are either partially funded or fully funded by federal resources, none county general fund resources. I would like to draw your attention to the submittal that was given to you this morning, the cover page is titled "Kaua'i County Housing Agency 2010-2011 Operating Budget." If you look at attachment (A) which is the second page, it's a pie chart that just shows you visually that our total funded is in the amount of sixteen million, six hundred thirty nine thousand, three hundred fourteen dollars. Out of that, sixteen percent or two point six million is for administration and almost fourteen million or eighty four percent of our budget, goes directly into programs. I see Tim is trying to find it it's a separate submittal that was given this morning. Okay wonderful, wonderful. If you look at the attachment (A) just gives you a overview as to what our total funding is, how much goes for Admin and how much goes towards programs. The second page attachment (B) well it's the last page of the transmittal, has a fiscal year 2010 funding which is the present fiscal year. On the bottom is fiscal year 2011 funding which is the anticipated funding for the next fiscal year. It just gives you a general idea as to where the source of funding is coming from. As you might note in the present fiscal year it was one percent but after we ran the thing, the general fund is almost zero percent because less than one percent. For this coming fiscal year the general fund is estimated at three percent. The rest you can just see as to what the other funding sources are. At this point in time are there any questions you may have before I move on?

Mr. Kaneshiro: Any questions by committee members? As you can see many of the programs are through federal programs and other, in fact in the thirty positions I believe we got about twenty three positions coming from outside sources, Right?

Mr. Jimenez: That's correct, yes.

Mr. Kaneshiro: Okay, so committee members are clear on that, any questions on personnel at this point? Okay I mean we are going to have some discussion on that I will go ahead and allow you to ask him the question and if you can't answer it we will have the follow up on this on the 20th in regards to furlough. But if this will give you a heads up, Mr. Bynum go ahead.

Mr. Bynum: Thank you, Committee Chair. So of your thirty employees, seven are general fund? Seven are County funded positions and twenty three are from other funds?

Mr. Jimenez: You noticed that I have to look back and check with my accountants.

Tim Bynum: That's okay it's a big agency Eugene.

Mr. Kaneshiro: They have a list on the handout, on the second handout.

Mr. Jimenez: Okay you know that question will be answered as I move forward. I have a summary sheet depicting all the staffing and their funding so we will be able to see.

Mr. Bynum: I want to know, I mean my general question if not today or later on the 20th. What is our intention with people who are not, County funded in terms of furloughs? Are we going to furlough federally funded employees?

Mr. Jimenez: Yeah, I guess we will be having that discussion on the 20th.

Mr. Bynum: Okay.

Mr. Kaneshiro: Okay so that's a heads up and we will come with a written request for that question so to say.

Mr. Jimenez: Thank you.

Mr. Kaneshiro: So you will be prepared when we have that discussion on the 20th okay.

Mr. Jimenez: Okay, so let's move on. The first page of the transmittal which I submitted to you this morning had to do with the funding, present year funding 2010-2011. Also well the anticipated funding for the next fiscal year and the present fiscal year and the differences on the third column. You all have this? Okay and to make it easier what I tried to depict here is the variances. What we did was look at all of the different funding sources and to show you whether it was a debit or a credit or a plus or a minus in terms of the amount. If we move to the general fund you notice that the general fund has been decreased by one hundred ninety seven thousand, six hundred fifty seven dollars, you can read the reason for the decrease but primarily it has been because we have shifted a lot of the general funded positions from present year to federal funded. So that equated to a twenty six percent decrease of the general fund. Moving on, HCDRF (Housing and Community Development Revolving Fund) there is an increase of Three hundred thirty eight thousand, four hundred forty dollars. This was primarily because of some reallocations with staff, some decrease from a position to a lower position and also an increase in the home buyer loans. As we give out loans we do receive revenues back to continue the program so that was primarily the reasons for the increase of Three hundred thirty eight thousand. The next fund is the Kalepa Village fund which there is a decrease of Twenty one thousand, seven hundred twenty eight, and primarily because this was a renewal year for the property management for that project. We also, we go out for request for proposal and come back and there was a decrease for the property management contract that we

have with the property manager. That is same for Pa'anau Village, the Hundred sixty thousand, eight zero nine decrease primarily had to do with the repair and maintenance. We have done some repair work on the doors the project has been painted so we didn't have to have additional funds or an increase amount for repair and maintenance for the Pa'anau project. The next fund is the home fund which is a federal fund and we have a decrease of Seven hundred twenty four thousand which is primarily a decrease in the total project which was funded under that program. Under the block grant you see that we do have an increase of Hundred eight thousand, eight ninety nine and for this year we were expecting at least close to Nine hundred thousand dollars. I'm just using general amounts but the increase is primarily again because of the home buyer loans and some projects that are in the process of being awarded and so this is an addition. Under the neighborhood stabilization program there is a decrease in projects of three point six million, due to expenditure and obligation of June 20. Although we did receive funding of four point nine million dollars we are expanding those monies and that's why there is a decrease of that, we don't have the four point nine million anymore but there is a decrease. Under the section eight program there is almost a half a million dollar increase and as a reasoning for that increase salaries and benefits are now hundred percent funded by the section eight program. There is an anticipated increase of over Three hundred thousand for the HEP payments which are the Housing Assistance Payments to Landlords. Okay if you look at the budget sheet which was submitted on March 12 on page one I think that was what Councilman Bynum was referring too. This is an explanation of all thirty staff which we have and it also shows the funding source which I think is very important for you to realize that a lot of the staff is funded from more than one source. That's why it's been so important with the amount of federal programs that we have many times the restrictions and the requirements are not the same. For instance for our home buyer programs, we have programs which we can sell homes to lower income households. Eighty percent of the median or below under the NSP program is hundred twenty and below so that's why I place a lot of responsibility and I give a lot of credit to the accounting staff who has to track all these funds. We do have Monthly reporting and just last Month we did have, last Month we had a monitoring visit from HUD and it was a clean slate so you know the staff is doing a good job and I commend them for that. The next so the first page, page one has to do with our operating budget summary for the coming fiscal year. What it does is you not only have the staffing but you have also programs with a grand total on the bottom for each of the different programs that we administer. Okay if we can move on. The next page, page two and three are just our general fund line item budget. What we have included are three fiscal years so you have an indication as to the decreases and the increases. We have fiscal 20009, 2010 and proposed fiscal year 2011. As you may know from present fiscal year to the next under ah we have a decrease of for employees under the general fund we have a decrease from no its personnel and other expenses of present year is Seven hundred sixty two thousand, eight hundred forty dollars to a decrease of five sixty five, one eight three. This is primarily because we have shifted a lot of that into other funding sources. If you turn to page four we have the housing and community development revolving fund with anticipated revenues for the upcoming year of two point four million. We have some salaries subscribed to that program and we are anticipating a total budget from the revolving fund

Of two point four, seven million dollars. If you look at the sheet that we discussed previously you can see why some of the major differences you know the variances. Okay moving on to page six, seven and eight has to do with operating budgets for some of the rental projects which basically are the amounts that are necessary to fund the operations of the project. If there are any specific questions we will be able to answer but this is just what it takes per our management contracts to run the various projects. We go out to bid for this, are there any questions.

Mr. Chang: Eugene, is Pa'anau full?

Mr. Jimenez: My understanding is that it's ninety five percent occupied.

Mr. Chang: And Kalepa also?

Mr. Jimenez: Kalepa is at one hundred percent. They are a hundred eighty units there at Kalepa.

Mr. Chang: So is that wait listed?

Mr. Jimenez: The wait list is still there but it's a hundred percent occupied. And as you know as part of our program we offer a police officer to stay there free of rent but they do have to pay a down payment and they pay the utilities, so we just made a choice for Pa'anau and offer Kalepa that there will be a police officer. Okay the next page eleven but starting on page ten is the home investment partnership program. Under this program, the home partnership program it's a part of a consolidated plan which covers five years and every year we come up with a budget. We have an anticipated funding for five years then every year we say okay we going to spend x amount for this year we anticipate. For the present fiscal year we had approved one point nine million for next fiscal year we anticipated One point two, zero four million dollars under the home investment partnership program. Okay Moving on, I don't want to take Elderly's time but moving on to page thirteen we have which you are familiar with the community development block grant program . In here you see sources of revenue total revenue anticipated for next year's One point four million. You know I stated previously that we anticipated close to Nine hundred thousand for the program this fiscal year but these additional funds are from primarily program income that goes back into the program. Anyway revenues that arrive by ways of income, goes back to the program that started off the whole process. Again I wanted to thank you for approving the resolution we will be funding eight projects over the coming year under the block program. Okay last, not last but on page sixteen the next program is the neighborhood stabilization program and we initially had funding in the amount of Four point seven million dollars. This was primarily to undertake two major activities and you know we have come before you on several occasions. Number one is for the purchase of foreclosure homes so you just approved yesterday the purchase of four homes, three under the NSP Program and one under the block grant program. We are trying to move these programs along and initially we had some problems with trying to purchase homes just because of some of the program requirements but we are moving along with that. Under this program besides the purchase of foreclosed properties we have just issued the contract to Shioi construction for the development of three homes. These are county owned properties, two in 'Ele'ele Nani and one in Waimea so this will be three bedroom two bath homes and should be completed within six months. We will be utilizing our home buyers list to have people, some of our clients move into these homes.

Mr. Kaneshiro: So the homes will be for reselling to the market.

Mr. Jimenez: The homes that we building right now?

Mr. Kaneshiro: Yes.

Mr. Jimenez: The new construction? Yes, for whoever is on our affordable housing list. We have Three hundred sixty seven people on our home buyers list.

Mr. Kaneshiro: So not necessarily for rental?

Mr. Jimenez: No, it's for sale.

Mr. Kaneshiro: Turning it around, fixing it up and selling it at a reasonable price.

Mr. Jimenez: Correct but these are for the foreclosed properties.

Mr. Kaneshiro: Yes I understand.

Mr. Jimenez: For this new construction property it's the same thing we will be selling it to individuals on our home buyers list, which are primarily lower income and first time home buyers.

Mr. Chang: Eugene is it Three hundred and sixty seven or a Hundred and sixty seven?

Mr. Jimenez: Three hundred and sixty seven. And you retain your number on the list. We call maybe the first hundred or the first two hundred and if they are not interested then we move on to the next but you remain on the list. Theoretically the whole idea with this home buyers list is that they are buyer ready. They went through the home ownership class and so they are ready to go.

Mr. Kaneshiro: So it's a list that is held there?

Mr. Jimenez: Correct.

Mr. Kaneshiro: Then you check with some of them.

Mr. Jimenez: Correct. Any new people, is put on the end of the list.

Mr. Kaneshiro: Those are the ones that qualified through your program right?

Mr. Jimenez: Or conventional financing also. They have an opportunity depending on their annual income whether or not to seek bank financing as opposed to some of our home buyer loan programs. Okay another program that has been with the county for many, many years is the section 8 program which is called the housing choice voucher program which is being administered by Sandy Kaauwai. Many of these programs were not, is not we have had to take some drastic measures in maintaining the program because we did receive information from HUD initially that we were going to get cut from this so we had several options. One option was to not fund anymore people which we are not anymore but we had to maybe decertify some if I may use that term. People that are already on the program but what we've done is through sandy's actions what we've done today stands possible trying to maintain what we have under the program which is seven hundred. We did have a hearing a couple of days ago in changing our admin plan where in the past what has happened was that some of the clients had a minimum payment of, anyway what we were requiring some of the tenants was to pay a little bit more in order to retain their voucher. There are also some other cost saving measures which sandy has implemented in order to keep the program viable and to keep the amount we have on right now. Just for your information we have a thousand people on the wait list for the section 8 program. Ladies and Gentlemen, that ends my presentation I'm open for any questions or for any specific information you may have for our program. I have my staff ready, willing and able to answer any of the questions which you may have.

Mr. Kaneshiro: Okay with that Mr. Bynum.

Mr. Bynum: Gene, thank you very much. I want to open by saying that since I have been involved with the county council I have a warm feeling when I deal with housing because it's been consistently responsive and..

Mr. Jimenez: was it during the summer hours? I'm only kidding.

Mr. Bynum: I have been impressed with the agency overall whether it's CDBG or HUD or the various programs. When I ask questions, there are answers and the presentations that are made here are good so I just want to make those comments. Overall I see it as a very strong

agency with really good people and then having a few questions. For the coming year are we still engaged and is there funding for the home ownership classes? Are we continuing that program?

Mr. Jimenez: Yes we are.

Mr. Bynum: Okay. And that funding is in the budget? And then NSP I know, I know NSP has been a challenging and you have these deadlines of June. Are we going to make all the obligation deadlines?

Mr. Jimenez: We are really, really trying hard and we are hopeful that we are able too.

Mr. Bynum: And if we don't?

Mr. Jimenez: It goes back to a general pool. What HUD has done is to call for backup projects statewide, should any of the county jurisdictions not be able to utilize their funds than they are able to fund something else so we would like to keep it on Kaua'i. But it is what it is.

Mr. Bynum: Yeah and you want to keep it on Kaua'i.

Mr. Jimenez: Correct.

Mr. Bynum: So I suppose after June we can get a report about how we did Right?

Mr. Jimenez: Sure.

Mr. Bynum: in retrospect, was it a good decision not to go for NSP 2 funds?

Mr. Jimenez: Yes I think, well in looking back I think when I have test the staff in trying to really get this program going but they were things that cropped up beyond our control. The pressure was not only from HUD but also from the other jurisdictions because they were having a lot of difficulty too. Maui also which primarily had the same type of program except its being implemented by a private nonprofit. But we are hopeful that it will work and we are everyday working on it and that's why you are seeing a lot of the offers going right now that are coming before you. I think at that point in time we had to concentrate on NSP 1 and you know NSP 2 which was a lesser amount you know we didn't want to bite off more than we could chew.

Mr. Bynum: So the answer would be yes in retrospect that it was a reasonable and good decision. You're not saying oh I wish we would have gone for it.

Mr. Jimenez: No, No.

Mr. Bynum: Okay I appreciate that answer and I know that the other counties are also struggling with that and so there is a possibility that there will be excess funds and nobody has backup projects. Is that correct?

Mr. Jimenez: I think there are some backup projects maybe, Jo.

Mr. Bynum: Do we have projects?

Mr. Jimenez: We do have back up projects for the block grant program because of the timing issue.

Mr. Bynum: Good morning Jo.

Ms. Shimamoto: Good morning. For the NSP program we do not have any alternate projects. The program was not set up that way, however if we're not any jurisdictions that are not able to expand their funds the state is looking state wide and they have called for alternate projects. Even if we don't use the funds on Kaua'i they will be or they are poised to take those funds and use it at least in the State of Hawai'i.

Mr. Bynum: Do we know that status of the other counties, whether they are...

Ms. Shimamoto: At this point my understanding is that everybody is struggling to meet the requirements and expand the funds.

Mr. Bynum: Yeah I have heard the same thing so I am just kind of curious. You may not know the answer that ah, yeah we can save that for later. I appreciate the efforts for this NSP program and I know we have had good news because it's been on our council budget and things are happening with it so that's all my questions about that. I do have some questions about...

Mr. Asing: Can I follow up on that? What's the major problem with that?

Mr. Shimamoto: We have two activities, Kaua'i has two activities. One is that Eugene mentioned the lot development and that is not a problem that is going. We have a deadline of June 2010 to expand that Four point nine million so by entering in a contract with Shioi Construction for the construction of those three homes, the funds has been obligated. Once they are obligated, not a problem we have the time to expand with acquisition of the foreclosed homes we have in resale. It is not that easy to purchase the foreclose homes that meet the requirements of the NSP programs. For example when they do an offer they are required to not purchase a foreclosed home for more than one percent less of the appraised value. My understanding from what the team tells me is the timing of all these things, it's a competitive process. It's not only the county putting in a bid for the home but its other individuals that want to purchase that home. The county is sort of, we have an extra challenge because we have to go through what the team calls a platform through the county and that has been worked out and massaged that all the departments are cooperating. The county Attorney's office is looking at it and Finance is looking at it and understanding what is required by the program so they are trying to move it along as fast as they can. They may need to come before council too.

Mr. Asing: Is there some method that you're using or could be using to track these units, available units so that you can get the information more timely rather than from the back door finding out about the availability of some of these units.

Mr. Jimenez: Chairman Asing, we have set up a process with the various banks. We cannot, these foreclosed properties are REO's comes from the banks that is one of the program requirements. It's not like individuals wanting to save their credit or whatever, so we have established relationships with the various banks to let us know what the foreclosed properties are becoming available. But again it has to be within a price and even though we put an offer... Say the offer is accepted, what happens is that the appraisal will have to come no more it has to be one percent less than the appraised value.

Mr. Asing: Eugene I think I'm more interested in when do you get the information. I'm the bank now and unless I get the information to you, you will never know right? So I'm saying is there some tracking system that allows you to timely get this information?

Mr. Jimenez: Well what happens is that we and prior to the implementation of this program we wrote to all of the agents the real estate agents that this program is coming. See the bank hires their own real estate agents there's been question as to who are you guys dealing with and all that because I use to be involved with that in my previous life. So the agents know about this program so the banks wanting to sell these units hire various real estate agents or companies and we have a connection with them as to how... We have looked over twenty or thirty already, properties to get two, three, four which we so we have been very diligent in following up on any properties and it's Island wide so the ones that we got approved yesterday was one in Kīlauea, one in Kawaihau, one in 'Ele'ele. So it's statewide and we have established a relationship with the agents that are hired by the banks to market these foreclosed properties.

Mr. Asing: Thank you.

Mr. Bynum: Just sticking with NSP for a minute I recognize the diligence and you know unfortunately the foreclosure problem on Kaua'i is not as dramatic as it is on the mainland where I'm sure the NSP programs are having no problem identifying properties they probably have hundreds to choose from. Even though our housing market has been difficult and a lot of people are struggling it's not near the fall out that has happened in some jurisdictions on the mainland. So I really appreciate these efforts and I Have been tracking this and I think you guys have been doing a good job and hopefully we will get as much done and I trust that you'll do as much as we can before the deadline comes. I am just curious about where the feds might change or but we are just this little Hawai'i and this is a huge national program.

Mr. Jimenez: I would be remiss too if I didn't state that I really appreciate the assistance that we have had from the council. You have been very open with some of our programs and you know some of them we haven't agreed on all but by in large I really appreciate the cooperation that we have received from you guys. Whenever we come up with what you may consider off the wall programs or projects but I thank you for that.

Mr. Kaneshiro: Do you have another question?

Mr. Bynum: I have a question about HUD. Moving to HUD, you answered some of the questions Seven hundred current participants and a Thousand on the waiting list. I know in the past it's been difficult to there's been circumstances where people had vouchers but there was no available properties in the price range they could afford. I would assume that's gotten better?

Ms. Kaauwai: Yes it's gotten much better. We are a hundred percent leased up and all of our money is being used. We did get an increase in funding this year of about Seven hundred thousand dollars, but because of the way the economy is that's probably just going to be enough to maintain the people that we currently have on the program.

Mr. Bynum: I mean I was a little scary to hear a few minutes ago that maybe there were current recipients that might have had to be de-obligated or whatever the right word is, but we have avoided that somehow sandy?

Ms. Kaauwai: Yeah we have, in May of last year they gave us the amount of our 2009 calendar year budget and they had cut it fairly substantially. The first five months of last year we have been taking people off the wait list trying to lease people up like crazy and then in May they told us by the way we're going to be taking all this money away from you. So at that point we were about five months behind the game, we had successfully leased up a whole bunch of families but now they took away our money and our HEP cost had risen because we had put all these people on the program. At that point we had to back paddle and start taking some measures to try and get our cost

down knowing the economy was down or on the way down. It was necessary to go in and change our administrative plan to take some measures that would insure that no families were being terminated off the program. That did require some families to pay a little bit more than they were paying before but we haven't had to terminate any families as of this day.

Mr. Bynum: And that parts of interest to me to because in the past I thought HUD set a rental rate and it was not okay for the recipient to pay an additional amount. Like if you can't find a rental at this rate it was against the rules in essence to say okay HUD pays x amount and I supplement that. Has that changed?

Ms. Kaauwai: Generally tenants pay about thirty percent of their income for rent. That is, the way that the formula is calculated is that they use the fair market rents that they determine and then we choose a percentage either above or below that to determine what the maximum amount we are going to pay for bedroom. They can get a bigger unit or a more expansive unit but that is the max that we will pay and it's been like that and it's still like that.

Mr. Bynum: One other question and I think you already answered this so we are not having the circumstance where people have a certificate and can't find a rental.

Ms. Kaauwai: No we don't have any outstanding certificates at this time.

Mr. Bynum: Because of the decrease in the rental market?

Ms. Kaauwai: Correct, well what we're seeing is which is really good is a lot of our participants which maybe weren't in such a desirable area are now able to move they are still able to move and they are able to move to nicer units for lower cost.

Mr. Bynum: Oh great, that's maybe the silver lining for some people.

Ms. Kaauwai: Exactly.

Mr. Bynum: Last year there was a lot of attention and I think you guys tried to work on this about maybe the economy changed us to where the landlords are saying "No HUD" and I just wondered if you had anything to say about that situation now or is that history.

Ms. Kaauwai: Yeah it's reciprocal and we have seen it before and there is a ton of rentals out there now. Everybody is calling us saying that they want to list our property with you whereas before when there was more tenant supply then demand it was the opposite way.

Mr. Bynum: You made some effort to educate landlords because some of them didn't understand that the program really was a benefit to them.

Mr. Jimenez: Yeah and I would just like to mention that several weeks ago Sandy and I did a workshop with the realtors and the principal brokers. There were about fifty or sixty people there and this was the issue about advertising, no HUD and by in large what happened was there was a consensus among the brokers and the owners of this real estate companies that they should encourage renting to HUD. Under the program the property managers or the owners are responsible for putting in the tenants not us. We give them the voucher we tell them ok based on your family size you choose your unit, and the whole qualification is done by the landlord so you need to do your diligence in getting desirable tenants in your unit. It was a good meeting and we also met the week before with the property managers, the major property managers in trying to tell them that this is a good program so it was very positive.

Mr. Bynum: And I very much appreciate that answer that was exactly what I was hoping to hear that you continue the education and outreach effort and I think that's the end of my questions.

Mr. Jimenez: Thank you.

Mr. Kaneshiro: Any other committee members have any questions for the housing. Go ahead Lani.

Ms. Kawahara: Thank you budget chair, good morning. Your budget is one of the most complicated and I really appreciate all of the worksheets that you give us because it really helps clarify. I wanted to just acknowledge how well you guys manage so many different funds, and I also want to acknowledge the fact that your answer to council member Bynum. I am very thankful that you advocate so strongly for these people and workforce housing and affordable housing.

Mr. Jimenez: Well if you look in the back here in the gallery and you look at my two accountants they are primarily responsible to put this together and to keep track. When the HUD auditors come, it's not you know we have had a lot of history with that so we anticipate anything that we feel is not right and we make corrections as necessary.

Ms. Kawahara: Yes definitely, excellent work because it's really complicated with all the different funds and how you guys are paying salaries. I also wanted to acknowledge the fact that you are very aggressively looking for those foreclosed homes and it does sound like you have a mechanism that alerts you as soon as everybody else is alerted to foreclosed homes. I wanted to say that people should know that you are competing with just the general public as a government agency with parameters that are really stricter and make it difficult to move quickly. I am glad to support whatever you bring up to us that you need to buy quickly in order to put in into our inventory.

Mr. Jimenez: I appreciate that and one of the good sales mythology that we're using is cash sales.

Ms. Kawahara: They like that.

Mr. Jimenez: So now they are waking up.

Ms. Kawahara: That's good. So my question is actually about the NSP program grant. There in the past it looks like there was maybe right now it looked like they had to zero out about Six thousand dollars. I'm wondering, what it means to the CDBG week activities, the housing surveys and the technical assistants for the upcoming year?

Mr. Jimenez: Which page is that?

Ms. Kawahara: Seventeen.

Mr. Jimenez: Let me open up my folder.

Ms. Kawahara: And if you picked those up in some other way with different funding?

Mr. Jimenez: Okay and what was the number?

Ms. Kawahara: Housing support services GDBG week activities, housing surveys and studies and technical assistance.

Mr. Jimenez: Page 17?

Ms Kawahara: Page seventeen of this one, towards the bottom.

Mr. Jimenez: We're on page seventeen?

Mr. Kaneshiro: Seventeen on the bottom part where it shows housing support study.

Ms. Kawahara: Technical assistance and CDBG week.

Mr. Jimenez: Okay what has happened is that we've shifted some of the expenses to a different process. Just for your information we've been getting a lot of request for current data for housing relative to housing needs. I just wanted to let you know that effective after July 1st there will be a statewide housing needs assessment, and Kaua'i is expected to come up with their portion so we can be part of the statewide housing survey but then add some money so we can do for Kaua'i only. So you know that will be coming forth and we have budgeted that under the NSP program for that. All of this we will continue although it may not seem that we will continue with the CDBG week housing surveys which I just touched up on. In terms of the fair housing you know there is five hundred dollars budgeted but on the end of this month we will be having our fair housing workshop which will be at the Piikoi building. We invite the general public and also a lot of realtors are signing up for them as to the new laws relative to fair housing and we will be giving you notice as to when that workshop is, the specifics of this workshop.

Ms. Kawahara: Okay, so I m hearing that those housing surveys and studies and your CDBG week activities though there showing zero out here you're getting then funded from somewhere else?

Mr. Jimenez: Correct.

Mr. Jimenez: And earlier the housing director stated that a lot of the zero's have been shifted to other, different areas and different programs.

Ms. Kawahara: I heard that.

Mr. Kaneshiro: It's not necessarily washed away.

Ms Kawahara: Okay, I wanted to know about the specific ones. Thank you, Budget Chair.

Mr. Kaneshiro: And like I said he explained that on his presentation when he started the presentation.

Ms. Kawahara: Thank you very much.

Mr. Jimenez: Thank you very much, and if there are no other questions I appreciate you listening to us with all this.

Mr. Kaneshiro: Wait we have some more questions. No, you do are you serious? I was only joking.

Mr. Bynum: Very Quick.

Mr. Kaneshiro: Go ahead, we started a little late with him anyway.

Mr. Bynum: We don't want it to be easy. I just actually maybe it's just a comment but looking closer at your budget those federally funded positions are in this budget slated to be furloughed so I will follow up with written questions regarding that. This is a general question. Regardless of the downturn in the economy and the decrease in rent and housing cost, In your opinion is there still a large gap in affordability for housing on Kaua'i between meeting income and what housing can be purchased at?

Mr. Jimenez: My answer would be yes. Number one, even if people are able to afford some of the so called affordable housing units there is reluctance on their part because of the economy and they are not sure about their jobs and all that. There is still a gap. There maybe people that qualify but they are very hesitant at this point and time.

Mr. Bynum: And so it's still very important for people on Kaua'i to go to your home owners education programs, get on the list so when opportunities become available to them they can take advantage of them.

Mr. Jimenez: That's correct, Thank you.

Mr. Bynum: Thank you, thank you very much.

Mr. Jimenez: Thank you very much.

Mr. Kaneshiro: Thank you and your staff for being here today. We will go on to the next department committee members. Is that the pleasure rather than taking a break? Okay, thank you again housing.

The Housing Agency departmental budget review concluded at 10:15 a.m., and there being no objections, the meeting was in recess.